

HB 1230 -- FIRST-TIME HOME BUYER SAVINGS ACT

SPONSOR: Ruth

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Financial Institutions by a vote of 11 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 10 to 3.

Beginning January 1, 2018, this bill establishes the "First-Time Home Buyer Savings Account Act" and authorizes an individual income tax deduction for 50% of the contributions to such a savings account dedicated to buying a first home. The bill specifies that the annual contribution deduction limit is \$8,000 per taxpayer and a first-time home buyer is an individual who has never owned a single-family, owner-occupied primary residence including a condominium or manufactured home or a divorced individual who has not been listed on a property title for at least three years. The maximum contribution limit for all tax years is \$50,000 and the maximum total amount in the savings account is \$150,000.

Funds in the savings account can be used only for eligible expenses of purchasing a primary residence in this state, transferred to another first-time home buyer savings account or used to pay service fees. Any withdrawal of funds for other purposes will be subject to recapture and penalties.

The provisions of the bill will expire December 31 six years from the effective date.

This bill is the same as HCS HB 563 (2017).

PROPONENTS: Supporters say that this program will allow taxpayers an easy way to save and grow funds for buying their first home. New housing benefits homebuilders and the economy. Any loss in revenue in income tax is less than the economic gain from buying and owning a new home.

Testifying for the bill were Representative Ruth; Missouri Realtors; Home Builders Association of Central Missouri; Mortgage Bankers Association of Missouri; Heartland Credit Union Association; Missouri Bankers Association; and the St. Louis Homebuilding Association.

OPPONENTS: There was no opposition voiced to the committee.